

**GOVERNMENT OF PUERTO RICO
PUBLIC SERVICE REGULATORY BOARD
PUERTO RICO ENERGY BUREAU**

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IN RE: PUERTO RICO ELECTRIC POWER
AUTHORITY RATE REVIEW

CASE NO.: NEPR-AP-2023-0003

SUBJECT: SRAEE JOINDER TO PREPA'S
MOTION FOR RECONSIDERATION
OF FINAL RESOLUTION AND ORDER
ON ELECTRICITY RATES

**JOINDER TO PREPA'S MOTION FOR RECONSIDERATION
OF FINAL RESOLUTION AND ORDER ON ELECTRICITY RATES**

TO THE HONORABLE ENERGY BUREAU:

COMES NOW the Sistema de Retiro de los Empleados de la Autoridad de Energía Eléctrica ("SREAEE"), through undersigned legal representatives, hereby files this Joinder to PREPA's Motion for Reconsideration of Final Resolution and Order on Electricity Rates. SREAEE joins in and supports PREPA's Motion for Reconsideration to the extent it relies on arguments consistent with SREAEE's position regarding PREPA's Request for Additional Full Time Employees.

I. PRELIMINARY STATEMENT

SREAEE fully joins, adopts, and incorporates PREPA's arguments that: (1) the Retirement System operates under a structural staffing deficiency that directly impairs its ability to meet statutory and operational obligations; (2) the Energy Bureau's characterization of SREAEE as a structure where "managers outnumber doers" is contradicted by the evidentiary record; and (3) the Bureau's conclusion that staffing deficiencies are attributable to "process inefficiency" rather than inadequate personnel lacks evidentiary support and is therefore arbitrary.

As the entity responsible for administering pension and retirement benefits to approximately 12,500 retirees, surviving spouses, and beneficiaries, SREAE is uniquely situated to confirm, from its own operational experience, the gravity of the staffing constraints that impede its statutory functions. The purpose of this Joinder is to supplement the record with SREAE's direct institutional perspective on why the personnel requested are necessary, non-redundant, and operationally essential to the proper discharge of its obligations.

II. ARGUMENTS

A. The Retirement System Operates Under a Structural Staffing Deficiency That Directly Impairs Its Statutory Functions

SREAE joins PREPA's assertion, as set forth in paragraph 27 of PREPA's motion, that the Retirement System is operating under a structural staffing deficiency that directly affects its ability to meet statutory and operational obligations. The existing workforce is overworked and overextended, resulting in delays in the processing of pensions and benefits and impairing compliance with applicable timelines and regulatory requirements.

This is not a theoretical concern. SREAE administers a defined-benefit pension plan that serves approximately 10,098 retirees and 2,438 surviving spouses or dependents, for a total beneficiary population of roughly 12,500 individuals. *See PREPA Ex. 41, Sch. C-9; PREPA Ex. 33, p. 11.* These beneficiaries are entitled by law, by contract, and by decades of earned service to timely and accurate benefit payments. The obligation to process, calculate, disburse, reconcile, and report on those payments is ongoing, complex, and non-deferrable.

As the Bureau is aware from the record developed in this proceeding, SREAE has been in a state of structural financial and operational stress for years. The pension fund is fully depleted,

the System relies entirely on a pay-as-you-go (“PayGo”) funding model supported by rate revenues, and the administrative apparatus must operate effectively to ensure that funds collected from ratepayers are properly directed to the benefit of retirees and beneficiaries. *See SRAEE Legal Brief on Revenue Requirement, p. 10.* In this environment, adequate staffing is not a discretionary luxury—it is a prerequisite for compliance with the System’s legal and fiduciary obligations.

The additional personnel requested by PREPA are necessary to alleviate excessive workloads, improve processing efficiency, enhance audit responsiveness, and ensure accurate actuarial reconciliation. Without those resources, processing delays will persist, reconciliation errors will accumulate, and the System will remain vulnerable to audit findings and regulatory non-compliance outcomes that are inconsistent with the Bureau’s mandate to ensure that pension costs included in the revenue requirement are properly managed and accounted for.

B. The Energy Bureau’s Conclusion That “Managers Outnumber Doers” Is Contradicted by Uncontroverted Evidence

SRAEE further joins PREPA’s position, as set forth in paragraphs 28 and 29 of *PREPA’s Motion for Reconsideration*, that the Energy Bureau’s characterization of the Retirement System as a structure where “managers outnumber doers” is contradicted by the evidentiary record and lacks a rational basis.

In its Order, the Energy Bureau concluded that “[a]dding more headcount to the Retirement System, a structure where managers outnumber doers suggest that the root cause is process inefficiency, not a lack of personnel. Funding additional internal roles without correcting this inverted hierarchy validates and continues an inefficient operating model.” This conclusion is factually unsupported.

As PREPA specifically explained, there is no direct correlation between management positions and unionized labor positions in the Retirement System. Management roles do not necessarily supervise, or have any hierarchical authority over, union positions. The Bureau's characterization of an "inverted hierarchy" therefore rests on a fundamental misapprehension of SREAAE's organizational structure.

SREAAE's management and non-management roles are governed by distinct legal frameworks. Management roles exist to ensure compliance with fiduciary, actuarial, legal, and regulatory obligations, while unionized positions perform different operational functions that are not hierarchically subordinate to management in the conventional sense. The assumption that managers in SREAAE's structure occupy a supervisory role over doers is an oversimplification that mischaracterizes the operational reality of public pension fund administration.

The evidentiary record, including uncontroverted testimony from PREPA's witnesses, establishes that management positions in SREAAE do not supervise unionized positions in any hierarchical sense, the Bureau's conclusion that the staffing structure Accordingly, the Bureau should reconsider the requested staffing resources on the merits of the actual evidentiary record, free from the unsupported premise that the Retirement System's staffing model reflects process inefficiency rather than a genuine and documented personnel deficiency. reflects an "inverted hierarchy" cannot stand. The Bureau's characterization of SREAAE's staffing structure as an inverted hierarchy is contradicted by uncontroverted evidence and rests on a misapprehension of how management and unionized roles relate within the System, its denial of the requested personnel must be reversed. The requested additional personnel are necessary to alleviate excessive workloads, improve processing efficiency, enhance audit responsiveness, and ensure

accurate actuarial reconciliation all of which are operational prerequisites to fulfilling the very pension obligations the Bureau has already deemed non-deferrable.

Accordingly, the Bureau should reconsider the requested staffing resources on the merits of the actual evidentiary record, free from the unsupported premise that the Retirement System's staffing model reflects process inefficiency rather than a genuine and documented personnel deficiency.

C. The Denial of Additional Staffing is Inconsistent with the Bureau's Own Recognition that Pension Obligations Are Non-Deferrable

The Bureau has itself recognized in prior orders and in the July 31, 2025 Resolution and Order that SREAAE's pension obligations constitute a high-priority, non-deferrable expense that must be funded through rates. *See PREB Resolution and Order: Establishment of Fiscal Year 2026 Provisional Rates and Fiscal Year 2026 Provisional Budget*. If pension obligations are non-deferrable, then the administrative infrastructure necessary to satisfy those obligations on a timely, accurate, and legally compliant basis must likewise be treated as operationally essential.

As the record shows in the testimony provided by the acting Auxiliary Division Chief of the Retirement System, Brenda Rivera, additional personnel would address concrete and record-supported gaps like processing speed and accuracy in disbursing payments to the beneficiaries, audit responsiveness, and actuarial services. *See Exhibit 85.01*.

It is inconsistent to mandate, on one hand, that pension payments must flow without interruption to approximately 12,500 beneficiaries while, on the other hand, denying the personnel resources necessary to administer those payments competently. Adequate staffing is not separable from the adequacy of pension administration; they are two sides of the same operational obligation.

The Bureau cannot simultaneously recognize pension obligations as non-deferrable and deny the staffing necessary to administer those obligations accurately, timely, and in compliance with audit and actuarial requirements. That contradiction creates precisely the operational risk the Bureau has stated it seeks to prevent.

Accordingly, the Bureau should reconsider its determination regarding SRAEE's requested staffing resources and recognize that those resources are as necessary to the proper functioning of the pension system as the PayGo funding itself.

III. CONCLUSION

WHEREFORE, SRAEE respectfully joins in part PREPA's Motion for Reconsideration of Final Resolution and Order on Electricity Rates and requests that that the Energy Bureau reconsider and amend the Order to approve the requested additional Full-Time Employees necessary to ensure that pension obligations are administered in a timely, accurate, and legally compliant manner

RESPECTFULLY SUBMITTED.

In San Juan, Puerto Rico, on May 15, 2026.

WE HEREBY CERTIFY that this Motion was filed using the electronic filing system of this Energy Bureau and that electronic copies of this Notice will be sent to: Hearing Examiner, Scott Hempling, shempling@scotthemplinglaw.com; and to the attorneys and advisers of the parties of record.

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RESUMEN DE LA ADHESIÓN A LA SOLICITUD DE RECONSIDERACIÓN DE PREPA DE LA RESOLUCIÓN Y ORDEN FINALES SOBRE TARIFAS DE ELECTRICIDAD

El Sistema de Retiro de los Empleados de la Autoridad de Energía Eléctrica (SREAEE) presenta esta Adhesión a la Moción de Reconsideración de PREPA contra la Resolución y Orden Final sobre Tarifas Eléctricas, en el caso NEPR-AP-2023-0003. Mediante este escrito, el SREAEE se une y adopta los argumentos de PREPA en lo que respecta a la solicitud de empleados adicionales de tiempo completo para el Sistema de Retiro, por entender que la determinación del Negociado carece de base evidenciaría y es inconsistente con sus propios pronunciamientos previos.

El SREAEE administra un plan de beneficios definidos que sirve a aproximadamente 12,500 beneficiarios, incluyendo pensionados, viudas y dependientes, quienes tienen derecho por ley, por contrato y por décadas de servicio a recibir sus beneficios de manera oportuna y precisa. El Sistema opera bajo un modelo de financiamiento de pago según se incurre (PayGo), respaldado por los ingresos tarifarios, lo que hace que la eficiencia administrativa sea un requisito indispensable, no un lujo discrecional. En este contexto, el SREAEE sostiene que opera bajo una deficiencia estructural de personal que afecta directamente su capacidad de cumplir con sus obligaciones estatutarias y operacionales, provocando retrasos en el procesamiento de pensiones y comprometiendo el cumplimiento de los plazos reglamentarios aplicables.

El SREAEE impugna además la caracterización del Negociado de que el Sistema de Retiro es una estructura donde “los gerentes superan en número a los trabajadores operativos”, señalando que dicha conclusión contradice el expediente evidenciarío. Los roles gerenciales y los puestos sindicalizados en el SREAEE se rigen por marcos legales distintos y no guardan una relación

jerárquica en el sentido convencional, por lo que la premisa de una “jerarquía invertida” descansa en una comprensión errónea de la estructura organizacional de un fondo de pensiones público. El testimonio no controvertido de los testigos de PREPA así lo establece.

Finalmente, el SREAEE señala que el propio Negociado ha reconocido en órdenes anteriores que las obligaciones de pensión constituyen un gasto no diferible que debe ser cubierto a través de las tarifas. Resulta incongruente exigir, por un lado, que los pagos fluyan sin interrupción a aproximadamente 12,500 beneficiarios y, por otro, denegar el personal necesario para administrar esos pagos de manera competente, oportuna y conforme a los requisitos de auditoría y actuariales. Por todo lo anterior, el SREAEE solicita respetuosamente al Negociado que reconsidere y enmiende la Orden para aprobar los empleados adicionales solicitados.